

**ASSEMBLY BILL**

**No. 758**

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**Introduced by Assembly Members Skinner and Bass  
(Coauthor: Assembly Member Torrico)**

February 26, 2009

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An act to add Section 25943 to the Public Resources Code, and to add Sections 381.2 and 385.2 to the Public Utilities Code, relating to energy.

LEGISLATIVE COUNSEL'S DIGEST

AB 758, as introduced, Skinner. Energy: energy audit.

(1) Existing law requires the State Energy Resources Conservation and Development Commission (Energy Commission), in its biennial energy conservation report, to report on the progress made to implement a statewide home energy rating program.

This bill would require the Energy Commission, by March 1, 2010, to establish a regulatory proceeding to develop a comprehensive program to achieve greater energy savings in the state's existing residential and commercial building stock. In developing the requirements, the Energy Commission would be required to coordinate with specified entities and to consider certain specified factors. Before adopting the requirements, the Energy Commission would be required to consult with specified entities and to hold at least 3 public hearings. The Energy Commission would be required to periodically update the comprehensive program to improve or refine the program requirements. The Energy Commission would be required to report on the status of the program in the integrated energy policy report.

(2) Existing law requires the Public Utilities Commission (PUC) to order certain electrical corporations to collect and spend certain funds

for public benefit programs, including cost-effective energy efficiency and conservation programs.

The bill would require the PUC, by March 1, 2010, to open a proceeding to investigate the ability of electrical corporations to provide energy efficiency financing options to their customers to implement the comprehensive program developed by the Energy Commission pursuant to this act. The PUC, by January 1, 2011, after consultation with the Energy Commission, would be required to authorize an electrical corporation to provide a targeted number of low- or no-cost energy efficiency audits each calendar year. The electrical corporation would be required to recommend to a building owner cost-effective energy efficiency improvements after the completion of the energy audit. The PUC would be required to report annually to the Legislature and the Energy Commission on specified information.

This bill would require a local publicly owned utility, by a specified date, to be responsible for implementing an energy efficiency program that recognizes the Legislature's intent to encourage energy savings and greenhouse gas emission reductions in existing residential and commercial buildings. A local publicly owned utility would be required annually to report to its customers and the Energy Commission on the implementation of the program. Because a local publicly owned utility would be responsible for the implementation of an energy efficiency program and to provide an annual report to its customers and the Energy Commission on the implementation of the program, this bill would increase the level of service provided by a local agency, thereby imposing a state-mandated local program.

(3) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: yes.

*The people of the State of California do enact as follows:*

1 SECTION 1. (a) The Legislature recognizes both of the  
2 following:

1 (1) The significant energy savings and greenhouse gas emission  
2 reductions inherent in the state's existing residential and  
3 commercial building stock.

4 (2) The need to establish a comprehensive energy efficiency  
5 program to capture these reductions.

6 (b) The Legislature further recognizes that a comprehensive  
7 energy efficiency program should include components necessary  
8 to ensure meaningful and reliable energy audits, cost-effective  
9 energy efficiency improvements, public and private sector energy  
10 efficiency financing options, public outreach and education, and  
11 green workforce training.

12 SEC. 2. Section 25943 is added to the Public Resources Code,  
13 to read:

14 25943. (a) (1) By March 1, 2010, the commission shall  
15 establish a regulatory proceeding to develop and implement a  
16 comprehensive program to achieve greater energy savings in  
17 California's existing residential and commercial building stock.  
18 This program shall comprise a complementary portfolio of  
19 techniques, applications, and practices that will achieve greater  
20 energy efficiency in existing residential and commercial structures  
21 that fall significantly below the current standards in Title 24 of the  
22 California Code of Regulations, as determined by the commission.

23 (2) The comprehensive program may include, but need not be  
24 limited to, a broad range of energy audits, building benchmarking,  
25 energy rating, cost-effective energy efficiency improvements,  
26 public and private sector energy efficiency financing options,  
27 public outreach and education efforts, expanded utility energy  
28 efficiency programs, and green workforce training.

29 (b) To develop and implement the program specified in  
30 subdivision (a), the commission shall do both of the following:

31 (1) Coordinate with the Public Utilities Commission and consult  
32 with representatives from the Department of Real Estate, the  
33 Department of Housing and Community Development,  
34 investor-owned and publicly owned utilities, local governments,  
35 real estate licensees, commercial and home builders, commercial  
36 property owners, small businesses, mortgage lenders, financial  
37 institutions, home appraisers, inspectors, energy rating  
38 organizations, consumer groups, environmental and environmental  
39 justice groups, and other entities the commission deems  
40 appropriate.

1 (2) Hold at least three public hearings in geographically diverse  
2 locations throughout the state.

3 (c) In developing the requirements for the program specified in  
4 subdivision (a), the commission shall consider all of the following:

5 (1) The amount of annual and peak energy savings, greenhouse  
6 gas emission reductions, and projected customer utility bill savings  
7 that will accrue from the program.

8 (2) The most cost-effective means and reasonable timeframes  
9 to increase the number of annual energy audits conducted on  
10 existing residential and commercial buildings, pursuant to  
11 subdivision (a), to meet the statewide reduction targets and goals  
12 in subdivision (b) of Section 381.2 of the Public Utilities Code.

13 (3) The various climatic zones within the state.

14 (4) An appropriate method to inform and educate the public  
15 about the need for, benefits of, and environmental impacts of the  
16 comprehensive energy efficiency program.

17 (5) The most effective way to report the audit results and the  
18 corresponding energy efficiency improvements to the owner of  
19 the residential or commercial building, including, among other  
20 things, the following:

21 (A) Prioritizing the identified energy efficiency improvements.

22 (B) The payback period of each improvement identified.

23 (C) The various incentives, loans, grants, and rebates offered  
24 to finance the improvements.

25 (D) Available financing options including all of the following:

26 (i) Mortgages or sales agreement components.

27 (ii) On-bill financing.

28 (iii) Contractual property tax assessments.

29 (iv) Home warranties.

30 (6) Existing statutory and regulatory requirements to achieve  
31 energy efficiency savings and greenhouse gas emission reductions.

32 (7) Any other considerations deemed appropriate by the  
33 commission.

34 (d) The program developed pursuant to this section shall do all  
35 of the following:

36 (1) Minimize the overall costs of establishing the comprehensive  
37 energy efficiency program requirements.

38 (2) Ensure, for residential buildings, that the energy efficiency  
39 audits or improvements are not required as a condition of sale and

1 do not unreasonably or unnecessarily affect the home purchasing  
2 process or the ability of individuals to rent housing.

3 (3) Ensure, for nonresidential buildings, that the energy  
4 improvements do not have an undue economic impact on California  
5 businesses.

6 (4) Determine, for residential buildings, the appropriateness of  
7 the Home Energy Rating System (HERS) program to accomplish  
8 the goals of this section and whether there are a sufficient number  
9 of HERS-certified raters available to meet the program  
10 requirements.

11 (5) Determine, for nonresidential structures, the availability of  
12 an appropriate cost-effective energy efficiency auditing system  
13 and whether there are a sufficient number of certified raters or  
14 auditors available to meet the program requirements.

15 (6) Coordinate with the California Workforce Investment Board,  
16 the Employment Training Panel, the California Community  
17 Colleges, and other entities to ensure a qualified, well-trained  
18 workforce is available to implement the program requirements.

19 (e) A home energy rating or audit service does not meet the  
20 requirements of this section unless the service has been certified  
21 by the commission to be in compliance with the program criteria  
22 developed pursuant to this section and is in conformity with other  
23 applicable elements of the program.

24 (f) The commission shall periodically update the criteria and  
25 adopt any revision that, in its judgment, is necessary to improve  
26 or refine program requirements after receiving public input.

27 (g) Before implementing an element of the program developed  
28 pursuant to subdivision (a) that requires the expansion of statutory  
29 authority of the commission or the Public Utilities Commission,  
30 the commission and the Public Utilities Commission shall obtain  
31 legislative approval for the expansion of their authorities.

32 (h) The commission shall report on the status of the program in  
33 the integrated energy policy report pursuant to Section 25302.

34 SEC. 3. Section 381.2 is added to the Public Utilities Code, to  
35 read:

36 381.2. (a) By March 1, 2010, the commission shall open a  
37 proceeding to investigate the ability of electrical corporations to  
38 provide various energy efficiency financing options to their  
39 customers for the purposes of implementing the program developed  
40 pursuant to Section 25943 of the Public Resources Code.

(b) By January 1, 2011, after consultation with the Energy Commission, the commission shall authorize each electrical corporation to provide a targeted number of low- or no-cost energy efficiency audits to be completed in an expedited and cost-effective manner each calendar year. Upon the completion of the energy audit, the electrical corporation shall recommend to the building owner cost-effective energy efficiency improvements based on the criteria established by the Energy Commission pursuant to Section 25943 of the Public Resources Code.

(c) The commission shall identify and attribute the energy efficiency savings within each electrical corporation service territory to the electrical corporation serving that territory.

(d) The commission shall provide an annual report to the Legislature and the Energy Commission that details the number of buildings audited, the amount of actual energy savings resulting from the energy efficiency improvements, the types of financing options used to implement the improvements, and the backlog of unfulfilled energy efficiency audit requests.

SEC. 4. Section 385.2 is added to the Public Utilities Code, to read:

385.2. (a) Upon implementation of subdivision (b) of Section 381.2, and the completion and promulgation of regulations pursuant to subdivision (a) of Section 25943 of the Public Resources Code, each governing body of a local publicly owned electric utility, as defined in Section 9604, shall be responsible for implementing an energy efficiency program that recognizes the intent of the Legislature to encourage energy savings and greenhouse gas emission reductions in existing residential and commercial buildings, while taking into consideration the effect of the program on rates, reliability, and financial resources.

(b) A local publicly owned electric utility shall report annually to its customers and the Energy Commission, all of the following:

(1) The utility's status in implementing an energy efficiency program pursuant to subdivision (a) and the utility's progress toward attaining the goal of the program.

(2) The amount of money that was designated for energy efficiency audits on an annual basis and the amount remaining in the fund.

(3) The number of buildings that were audited.

1 (4) The backlog, if any, of requests for an energy efficiency  
2 audit.

3 (5) The types of energy efficiency financing options offered by  
4 the utility and the number of customers who have taken advantage  
5 of these financing options.

6 (6) The net energy savings from energy efficiency improvements  
7 installed after an audit pursuant to this section.

8 SEC. 5. No reimbursement is required by this act pursuant to  
9 Section 6 of Article XIII B of the California Constitution because  
10 a local agency or school district has the authority to levy service  
11 charges, fees, or assessments sufficient to pay for the program or  
12 level of service mandated by this act, within the meaning of Section  
13 17556 of the Government Code.